

REPORT OF PROCEEDINGS

SPECIAL GENERAL MEETING

CANADIAN PACIFIC RAILWAY COMPANY

Held at MONTREAL

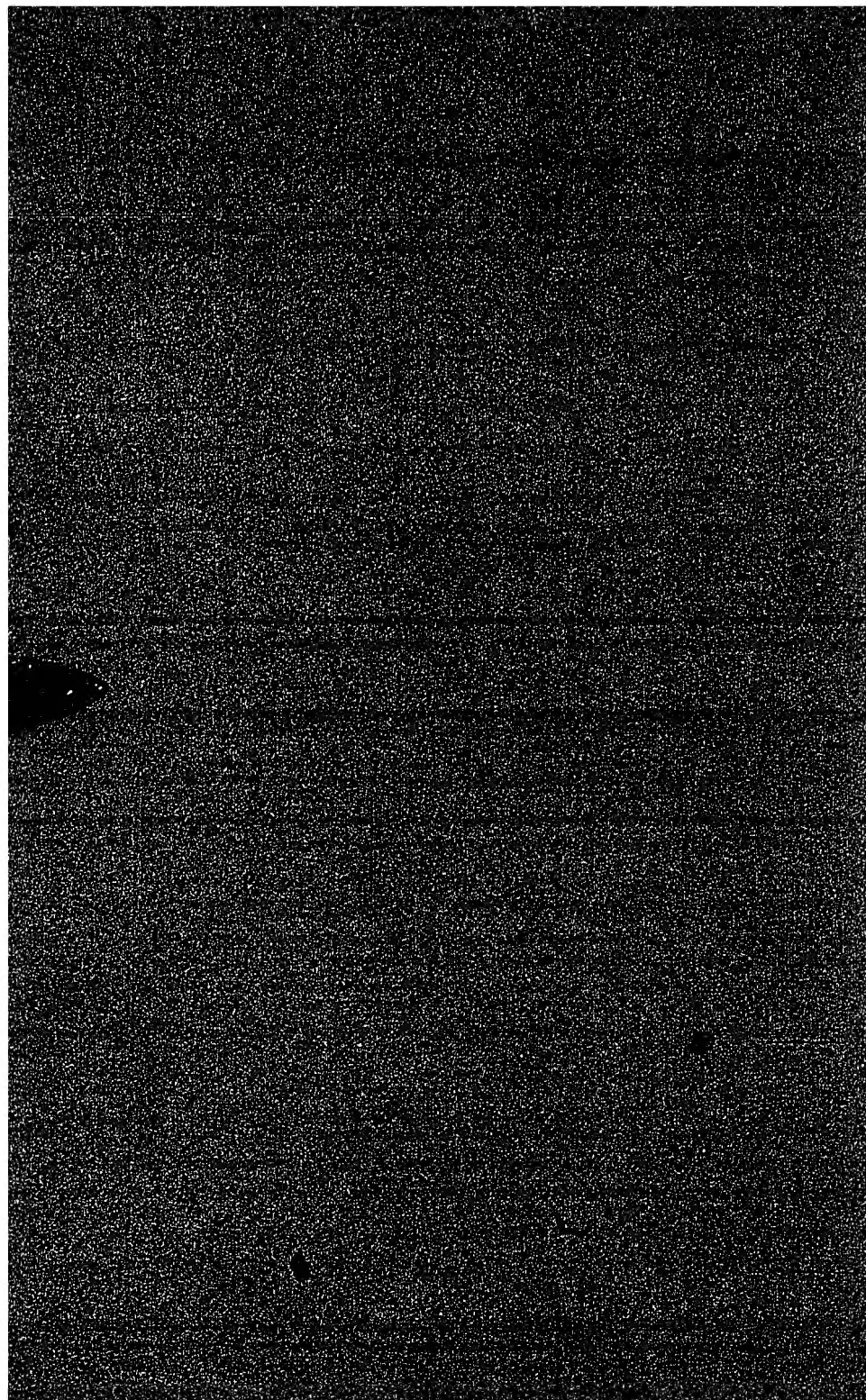
FOR THE PURPOSE OF DISCUSSING THE PROPOSED

REVISION

OF THE

ARTICLES OF ASSOCIATION AND BY-LAWS

1911



REPORT OF PROCEEDINGS

AT A

SPECIAL GENERAL MEETING

OF THE SHAREHOLDERS OF THE

CANADIAN PACIFIC RAILWAY COMPANY

HELD AT MONTREAL

ON THE 3rd AND 6th DAYS OF MARCH,

1884.

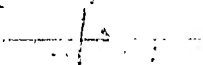
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MONTREAL

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# CANADIAN PACIFIC RAILWAY.

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## REPORT.

A special general meeting of the Shareholders of the Canadian Pacific Railway Company was called under the authority of a resolution of the Board, passed at an adjourned meeting thereof held on the 31st day of January, 1884; and notice thereof was duly given, by the publication in the *Canada Gazette*, as required by the charter and by-laws, of the following notice:—

A special general meeting of the shareholders of the Canadian Pacific Railway Company, will be held at the office of the Company, in Montreal, on Monday, the third day of March next, at twelve o'clock noon, to take into consideration the resolutions of which notice has been given by the Honorable Sir Charles Tupper, as appears by the Votes and Proceedings of the House of Commons of Canada, of date the thirtieth day of January last, and any Act that may be passed by the Parliament of Canada, founded on such resolutions; and to determine whether or no the provisions of the said resolutions, or of such Act, shall be accepted, and the Board of Directors of the Company authorized to execute such agreement as shall be provided for in such Act; and to take such other steps in the matter as may be deemed expedient.

By order of the Board,

CHARLES DRINKWATER,

Secretary.

Montreal, 1st February, 1884.

The shareholders assembled, in conformity with the notice, on the 3rd March, 1884, at noon, at the office of the Company in Montreal. The President took the chair, and the Secretary of the Company acted as secretary of the meeting.

The shareholders present in person and duly represented by proxy were ascertained to be 87 in number, holding

two hundred and fifty-five thousand six hundred and five (255,605) shares of the stock of the Company.

The Secretary read the notice calling the meeting.

The meeting then adjourned by unanimous vote, to Thursday the 6th March instant, at three o'clock p. m.

On the 6th March, 1884, at three o'clock, p. m., the shareholders again assembled at the office of the Company, conformably to the resolution of adjournment passed on the 3rd March instant.

The President again took the chair.

The Secretary again acted as Secretary of the meeting.

The shareholders present and represented were ascertained to be the same and to represent the same number of shares, as at the meeting on the 3rd March instant, above referred to.

The notice calling the meeting was again read.

The President thereupon read the following statement.

#### STATEMENT.

In the month of December last, it became apparent, that the arrangement recently made with the Government of the Dominion, for securing for ten years a three per cent dividend upon the Company's stock, would not be successful in raising the market value of the stock, to such an extent as to justify the sale of the balance then remaining, amounting to \$45,000,000, and the Board determined to enter into negotiations with the Government of the Dominion, for obtaining a loan, to enable the Company to continue the construction of the railway at the previous rate of progress. I therefore laid the position of the Company fully before the Government, with a view to arranging

for the required assistance; and after several interviews with the Premier and other members of the Government, I addressed a letter to the Minister of Railways and Canals, containing an explanation of the reasons which had prompted the request for a loan; such statements respecting the Company's affairs as were required fully to elucidate its position and requirements, and suggestions as to the particulars of the aid applied for. This letter was as follows:

CANADIAN PACIFIC RAILWAY COMPANY,

MONTREAL, 15th January, 1884.

SIR,

I have the honour, on behalf of the Canadian Pacific Railway Company, to lay before you for the information of the Government, the following representations.

In the beginning of November last, I had the honour of submitting to the Government a proposal for its co-operation, in securing a minimum dividend at the rate of three per cent. per annum upon the outstanding stock of the Company, which the Company believed would have the effect of increasing the market value of its shares to such an extent, as to make the unissued stock available to assist in providing funds for the completion of the Canadian Pacific Railway by the end of 1885. And this belief was shared by the friends and financial agents of the Company, in the principal financial centres of Europe and the United States.

As you are aware, the Government, after a very full discussion of the matter, thought fit to accede to the request of the Company, and entered into an arrangement for securing the payment of a semi-annual dividend at the rate of three per cent. per annum on the outstanding stock of the Company, amounting to \$65,000,000; under which the sum of \$8,710,240 in cash was placed in the hands of the Government, afterwards supplemented by a

payment of interest to meet the dividend payments for five years. And a preferential charge was created upon securities to the amount of \$8,250,000, to secure the payment by the Company to the Government, of the further sum of \$2,853,912 on or before the 1st February next, and of \$4,527,000 on the 17th August, 1888; these sums, together with the cash deposited, constituting an amount sufficient to provide the entire fund required for the secured dividend, during the whole period of ten years. The remainder of the authorized capital stock of the Company, amounting to \$35,000,000, was also deposited with the Government, subject to the right of the Company to issue any portion of it upon payment to the Government in advance of the amount required to pay the secured dividend upon the amount so issued.

I regret to say, however, that the arrangement so made has not attained its object in any degree. The stock markets of the world have been in a depressed state for some months. The credit of the Company, its means and resources, and the capabilities of the Northwest territories as an advantageous field for emigration and colonization, have been systematically decried, and assailed by the most calumnious and unfounded statements. And by such means, and by urging the possibility of the whole of the remaining stock of the Company being at any moment placed upon the market, any rise in the market value of the stock has been effectually prevented. In fact, when the amount paid in advance of dividends is considered, the stock will be found to have fallen much below the rate at which it was held, before the dividend was secured.

Although, therefore, the Company is possessed of ample means and resources, taken at their fair value, for the completion of its line within the time it has lately contemplated as practicable, it is not in a position to realize upon its property, or its remaining stock, without ruinous sacrifice. And the payment to the Government of



\$8,710,240 in advance of the secured dividend, has deprived it for the moment of the means for continued vigorous exertion in construction, without enabling it to recoup itself by the sale of its stock, as was confidently and reasonably expected.

In support of the statement I make that the Company has ample means and resources for the completion of its work, I would submit to you some facts and statistics which I think fairly justify that assertion.

Of the subsidies in money and land to which the Company is entitled under the contract:—

The Company has earned of the money subsidy.....	\$12,289,211
Leaving a balance of.....	12,710,789

Of the land subsidy it has earned.....	13,755,705 acres
Of which it has sold .....	3,753,400 * "

Leaving a balance earned of.....	10,002,305 "
And unearned of.....	11,244,295 "

Balance of land grant available.....	21,246,600 "
--------------------------------------	--------------

The balance of the cash subsidy need not be remarked upon.

The value of the balance of the land subsidy, may be exemplified by the result of the realization of the portion already sold, which has produced a net return of \$2.36 per acre. At this price the balance of lands would realize, say, 21,247,000 acres at \$2.36 per acre, \$50,142,920.

In dealing with the land grant, the Company availed itself of the power of issuing land grant bonds to the amount of \$25,000,000, constituting a first mortgage upon the lands, but not creating any charge upon the Railway. And these bonds, or their proceeds, were placed in the hands of the Government, to be returned to the Company as the work should proceed, in the same proportions in which it is entitled to receive the lands, and at the rate of one dollar for each acre earned; but subject to a reserve of one-fifth to constitute a fund of \$5,000,000 to be held

\* The official memorandum of 12th December, 1882, stated that 6,452,000 acres had been sold up to that time. These figures included the original sale of 5,000,000 acres to the Canada North-West Land Co., which has since been reduced by agreement, to 2,200,000 acres

by the Government as security for the operation of the Railway. The land grant was conveyed to trustees by way of mortgage, to secure the land grant bonds, the entire proceeds of sales to be appropriated to the redemption of the bonds. And a reference to what has been done by the trustees, will further exemplify the value of the lands as a security.

Of these bonds the Company has sold.....	\$10,000,000
It has redeemed and destroyed.....	\$6,667,000
There are held by Land Companies against payments for lands sold not yet due.....	846,000
There are balances payable by individuals on land sold, not yet due, which are available for redemption of bonds.....	1,863,500
	<u>8,876,500</u>
Balance of bonds to be provided for out of unsold lands.....	1,123,500
Balance of Bonds in the hands of the Government.....	15,000,000
	<u>16,123,500</u>
Total amount of bonds existing.....	
The lands now actually earned and unsold, are ample to pay off these bonds in full:	
Thus 10,002,305 acres @ \$2.36 per acre .....	23,605,440
	<u></u>
Leaving a surplus from earned lands, after paying off the entire land grant bond issue of.....	\$ 7,481,940

But the amount of land grant bonds unredeemed, is not the measure of the Company's liability upon them.

That liability is as follows:

Amount of bonds in the hands of the public .....	\$1,123,500
Amount of bonds charged with a lien for the pay- ment of the balance required to secure the guarantee dividend.....	5,258,000
	<u></u>
Total amount for which the Company is liable.....	\$6,381,500
As against this there are:	
Balance of lands earned and unsold.....	10,002,305 acres
Land unearned.....	11,244,295 "
	<u></u>
Total.....	21,246,600 "
Say 21,247,000 acres @ \$2.36.....	50,142,920
	<u></u>
Surplus of proceeds of lands over entire charge thereon.....	\$13,761,420

In addition to these assets, which come directly from the government and are under its control, the company has in the hands of the government the remainder of its stock, viz.: \$35,000,000, subject to the payment of \$8,575,000 to secure the dividend. And the company has also a further amount of \$10,000,000 of stock, upon which it has obtained an advance of \$5,000,000.

It has expended upon its main line of Railway, including the completion of 1,121 miles, the sum of.....	\$23,563,564
It has expended upon branch lines, including the completion of 269 miles, the sum of.....	3,827,092
It has expended in the improvement of railways received from the Government, the sum of.....	353,601
It has equipped its line and branches at a cost of .....	8,638,306
It has acquired extensions from Callander to Montreal and Brockville, at a cost of.....	3,203,050
It has on hand, materials, rails, etc.....	4,025,604
It has paid to Government in advance of dividend, say.....	8,710,240
It has paid interest on Capital Stock .....	2,128,000
Also interest on land grant bonds, and expenses in connection with land grant.....	372,880
It has made advances towards acquiring a line to the sea-board, and for other purposes within its charter.....	3,482,251
It has acquired real estate for termini, etc., at a cost of .....	390,789
	<hr/>
	58,695,377
And it has only received out of its entire cash and land subsidies, the aggregate sum of.....	21,318,222
	<hr/>
Leaving a balance of.....	37,377,155

The above items of expenditure consist of net cash outlay, and the above balance represents the amount which has been provided by the company itself. The figures are based upon the returns up to the 31st December last.

While the strength of the company's position, and the extent of its property and resources are thus sufficiently manifest, you will remark, that they are not of such a nature as to be immediately available, for providing the money required to carry on construction at the rate at which it is proceeding.

The progress of the surveys and the information now

obtained, enable the company to estimate with approximate certainty, that the cost of completing the work contracted for, will not exceed the sum of \$27,000,000.

The company has now about 9,000 men at work; and their wages, the supplies, plant and material necessary to keep them fully employed; the maintenance of the needful proportion of rolling stock, and of the required staff, all of which will be largely increased during the summer months: will together require an average monthly expenditure during 1884, of about \$1,250,000, and during 1885, of about \$1,000,000.

There is also a certain amount of indebtedness always necessarily current, which at present has increased beyond the average, and it is essential that this should be provided for without delay.

It might not be impracticable for the company to relax its efforts for the completion of its work within two years, and fall back upon the delay allowed by its contract; thus avoiding the necessity in a large degree for the financial aid it now seeks. But the company considers that such a change in its plans would retard the progress of the settlement of the Northwest, would lock up the capital already expended on the work, and would be disadvantageous in many other respects in the highest degree, both to the country and to the company.

Upon the whole, therefore, the company feels that it should not abandon the idea of a speedy completion of its undertaking, and acting upon that view, and being, as has been already shown, unable to realize upon its property without an inordinate sacrifice, it has determined to apply to the government for the temporary assistance it needs, in order to complete its enterprize within the time recently contemplated.

In this connection I have further the honor to point out to the Government, that as the Company has expended a sum of \$37,377,155 of its own funds in the construction and equipment of the railway, it cannot be any longer

necessary that the Government should retain the sum of \$1,000,000, deposited under the contract as security for construction. And further, that as the railway, in its present incomplete state, is already producing an income; the net revenue during the last nine months having been \$978,660; security for its operation is equally unnecessary. It appears to the Company, therefore, that the Government might now dispense with the deposit of \$1,000,000 as security for construction, and with the deposit of bonds stipulated for as security for operation. It can scarcely be contended that these securities are any longer needed, and their retention not only impairs the Company's means, but remains as a standing imputation by the Government of the Dominion, upon the value of the railway as a commercial enterprise, and indirectly upon the North-West itself. I venture to think, therefore, that the abandonment of the stipulations for such security, would be an advantage to the country as well as to the Company.

The Company also desires, if possible, to obtain some modification of the mode of paying the subsidy provided for by the contract. The work, which now remains to be done, is very unequally distributed, some portions of it presenting no special difficulties for many miles, while other portions will require very large expenditures within short distances. In such cases, payment by mileage is obviously inequitable, and payment upon progress estimates, as the work proceeds, would be more satisfactory, and more just.

I have therefore, the honor to submit an application by this Company, for an advance by the Government of a sum sufficient to enable the Company to proceed vigorously with its enterprise. In connection with this, I would also respectfully ask, that the stipulation for the deposit of \$1,000,000 as security for construction, and of \$5,000,000 in land grant bonds as security for the operation of the railway, be abandoned; and that the remaining cash subsidy be paid as the work proceeds, in the proportion

which the work done bears to the work remaining to be done.

And I would further ask, that the delay for the payment by the company of \$2,853,912, which, under the terms of the agreement with the Government of the 7th November last, is payable during this month, may be extended until the time approaches when it will be needed for the payment of the secured dividend, namely, the 7th of November, 1888, when the balance of that fund is payable.

If the Government can see its way to these concessions, which I venture to think are not important to it, the company would be enabled to proceed with its operations at such a rate of progress, as would enable it to open the railway at the end of next year, if it can obtain a temporary advance upon its property to the extent of \$22,500,000.

In consideration of this advance, the company is prepared to place the Government in a position of absolute security as to its repayment.

It will be observed that the actual average of the land grant still unappropriated, taken at one-half the net price realized for the lands already sold, would exceed by \$1,447,960 the amount of the advance now applied for, together with a sum sufficient to pay in full the small balance of bonds in the hands of the public. And at two-thirds of that net price, would pay in addition the amount secured by the bonds held by the government, under the agreement of the 7th November last. The proceeds of the lands can be appropriated, first to the payment of interest on the loan, and afterwards as a sinking fund to extinguish the principal, by the same or similar machinery to that already provided for the extinguishment of the land grant bonds; the balance of issued land grant bonds to be provided for by appropriating to them a proportion of the proceeds, in accordance with the terms of the land grant mortgage. And apart from the amount required to provide for the

payment of immediate wants, the balance of the advance could be paid to the company only as the work proceeds, and thus ensure its application to the improvement of the property. In addition to a special charge on the lands, the ultimate repayment of the advance, and of the amount due in 1888, could be secured by a first charge upon the company's main line and property, including the Pembina branch and the lines east of Callander, with such remedies for the enforcement of payment, both of interest and principal, as may be deemed expedient; the lines east of Callander remaining subject to the existing charge, for the balance of their price remaining unpaid.

I have the honor to be, Sir,

Your obedient servant,

(Signed,) GEORGE STEPHEN,

*President Canadian Pacific Railway.*

To the Honorable the Minister  
of Railways and Canals,  
Etc., etc., etc.

After consideration of this letter and the statements with which it was accompanied, establishing the correctness of the figures it contained; and after numerous interviews and discussions with the Government, resolutions were introduced in the House of Commons, by the Minister of Railways, providing for a loan to the Company of \$22,500,000, bearing interest at the rate of five per cent. per annum, and dealing with other matters to which the letter referred. These resolutions were adopted, and a Bill based upon them passed both the House of Commons and the Senate, by very large majorities. A copy of the Bill is now laid upon the table. (See Appendix).

It will be observed that the proposition submitted on behalf of the Company, was not adopted by the Government in all its parts. In addition to points which were conceded by the Government, the Company desired to retain control of their branches, with a view to raising money upon

them for continuing their construction, or for other necessary objects in connection with the business of the Company. But the Government determined that the security which they should exact from the Company, should cover all their property, without exception.

The loan, as provided for by the Act, is to be made upon conditions, of which the following is a summary:

1. A loan of \$22,500,000 is authorised, to be repaid on or before the 1st May, 1891, with interest at 5 per cent., payable half-yearly. Out of the loan, \$7,500,000 are to be paid forthwith, to be applied to the payment of the Company's floating debt.

2. The balance of \$15,000,000, together with the remainder of the cash subsidy, amounting to \$12,710,000, or \$27,710,000 in all; is to be paid to the Company, as the work proceeds, in the proportion which the work done, upon which no subsidy has been paid, bears to the work remaining to be done.

3. The payment of the sum of \$2,853,912, with interest at four per cent., which was due on the 1st February last under the guarantee arrangement of the 7th November last, is postponed to the 7th November, 1888, when the balance of the guarantee fund, amounting to \$4,527,000, falls due.

4. The Company are to proceed with the work of construction, and complete it by the end of May, 1886.

5. A first charge is created upon the entire property of the Company, including the land grant, as security for the payment of the balance of the guarantee fund; of the loan; and of the interest on both.

6. Upon default for twelve months in the payment of any instalment of interest, the Government is to take possession of the property charged.

7. The Government is to hold the balance of the Company's unissued stock, say \$35,000,000, which may be sold with its sanction, or under its direction; and the proceeds applied, either in extinction of the loan, or in furtherance of the undertaking.



8. The Company are to have the right of issuing mortgage bonds, secured upon its unsold land, amounting to over 21,000,000 acres, to redeem the loan.

The Act provides that it shall not come into force until accepted by the Company, with the authority of the shareholders, at a special general meeting called for the purpose; and also that thereupon an agreement shall be executed between the Government and the Company, specifying the terms of the loan, and the remedies and rights of the Government and the Company in respect of it. A draft of the required agreement has been made, and adjusted between the counsel of the Company and the Department of Justice; and is now placed upon the table. (See Appendix).

You will no doubt give to the details of these documents, all the attention which their importance demands; but it may be well to state, in a few words, their general effect, as I understand them.

The proposed loan will provide all the money required to complete the contract with the Government, for a through line to the Pacific Ocean, by the 31st May, 1886, instead of the 1st May, 1891, as stipulated in the original contract. The estimated cost of the work remaining to be done under the contract, taking the 31st December last as a starting point, and making liberal allowance for contingencies, is \$27,000,000. This estimate has been arrived at after very careful consideration of the reports of the Engineers engaged in the location of the line, and of all the information which the Board has otherwise been able to obtain as to the amount of work required to be done; and I believe it to be substantially accurate and safe.

So soon, therefore, as the agreement with the Government is executed, the Company will be entitled to receive \$7,500,000, for the purpose of paying off its floating indebtedness, and to have an estimate upon the entire work upon which subsidy has not been paid, calculated in the proportion which that work bears to the total amount remaining

to be done. The amount of this estimate, up to the 1st of March, should considerably exceed \$3,000,000. And, in future, the Company will be entitled to payments on account, from time to time as the work proceeds, bearing a similar proportion to the work remaining to be done.

The conditions of the loan as to the security given for it, are undoubtedly stringent, but, independent of the 2,800 miles of railway composing the Company's main line, their property and resources are amply sufficient for the repayment of the loan, with interest, even before maturity, and there was, therefore, no reason to criticize too closely the consequences of default. Less care in preparing the provisions for enforcing payment of the loan and interest would have exposed the Government and the Company to criticism, even more virulent, (if that were possible), than that which they received.

I may say, further, that I see no reason to doubt the correctness of the conclusions at which I have arrived with regard to the commercial merits of the undertaking, and which I have stated to you on former occasions. Further examination and enquiry have established that the quality of the land in the railway belt, for agricultural purposes, has been understated; and the assertions made from time to time as to disadvantageous climatic conditions are found not to bear investigation. Experiments upon the territory described as arid and unproductive, have shewn that those portions of territory respond to cultivation, as vigorously and abundantly as any other portion of the North-West. In fact, it is now established beyond question, that from Winnipeg to the Rocky Mountains, the railway runs through a territory of exceptional fertility. The land regulations of the Government, which were complained of in some particulars, have been remodelled; and are now more liberal in their provisions than those applicable to lands of the United States. Access from the Atlantic seaboard to the North-West, will be obtained

during the coming season, at less than half the rates heretofore prevailing, by a direct route through Canadian territory, and in consequence, emigrants will be carried from European ports to the North-West for about £5 each. The fear of a limited or expensive supply of fuel, has been removed by the opening up of the coal deposits, from which an abundant supply of excellent coal is now being distributed in every direction. The only disadvantageous condition which has not been removed or ameliorated, is the factious activity of a small section of unpatriotic demagogues, whose efforts to depreciate their country for unworthy purposes, have been unceasing; and it is possible that by these means some effect may be produced upon the emigration during the present season.

It will now become necessary for you to consider the Act and the draft agreement laid before you; and to signify by your votes, your wishes as to the acceptance of the Act, and the execution of the agreement.

Upon the conclusion of the foregoing statement of the President, the Act and the draft agreement submitted were then read and considered, and thereupon the following Resolution was moved and seconded, and was passed unanimously:—

*Whereas* by the Act of the Parliament of the Dominion of Canada intituled "An Act to amend the Act intituled An Act respecting the Canadian Pacific Railway, and for other purposes," passed during its present session, authorizing the Government of Canada to make a loan to this Company of twenty-two million five hundred thousand dollars (\$22,500,000) and to enter into other arrangements with this Company in the said Act prescribed or authorised, a copy of which Act is now before this meeting; and it is one of the conditions of the said Act that authority shall be granted by the Shareholders of this Company to

the Board of Directors thereof to accept the provisions of the said Act, and to execute an agreement containing the charges upon the said railway and property and the other conditions required or authorized by the said Act.

*And whereas*, the present meeting of shareholders has been duly called and is now held for the purpose of considering the said Act, and of accepting the provisions thereof, and of authorizing the execution of an agreement in conformity with the said Act ;

*And whereas* the said Act has been duly considered, and a draft deed of agreement has been prepared by the Government of Canada, in conformity with the provisions thereof, and is now before this meeting, charging the entire property and assets of the Company in manner and form as required by the said Act, and containing such further and other conditions as the Government has prescribed, which draft agreement has also been duly considered, and has been identified by the endorsement and signature thereon of the Secretary of this Company.

Therefore it is

*Resolved*,—That the Board of Directors be, and they are hereby authorized to accept the provisions of the said Act, and to execute an agreement with the Government of Canada containing the charges upon the Railway of this Company and its property, and the other conditions required or authorized by the said Act ; and the said draft agreement is hereby approved, and the Board of Directors are hereby authorized to cause to be executed an agreement with the Government of Canada similar in its terms and conditions to the said draft agreement.

GEO. STEPHEN,  
*President.*

C. DRINKWATER,  
*Secretary.*

MINUTES of an adjourned meeting of the Board of Directors of the Canadian Pacific Railway Company, held pursuant to resolution passed at the meeting held on Tuesday, the fourth day of March, 1884, on this Thursday, the sixth day of March, 1884, at the office of the Company in Montreal, at the hour of four o'clock, p. m.

Present in person and by proxy:—

MR. GEORGE STEPHEN,  
MR. DUNCAN MCINTYRE,  
MR. R. B. ANGUS,  
HON. DONALD A. SMITH.  
MR. H. S. NORTHCOTE,  
MR. C. D. ROSE,  
MR. P. DU P. GRENFELL,  
BARON J. DE REINACH,  
MR. R. V. MARTINSEN.

The Secretary of the Company also attended.

*Whereas* by a resolution of the Shareholders of the Company, duly made and passed unanimously at a special General Meeting, thereof, called for the purpose and held this day, this Board was authorized to accept the provisions of a certain Act of the Parliament of the Dominion of Canada, passed during its present session, intituled, "An Act to amend the Act intituled 'An Act respecting the Canadian Pacific Railway,' and for other purposes," and to execute an agreement containing the charges upon the railway of this Company, and its property, and the other conditions required, or authorized by the said Act, a draft of which agreement has been prepared and sanctioned by the Government of Canada in conformity with the said Act, and has been approved by the Shareholders

of this Company at the said meeting, and this Board was by the said meeting authorized to cause the same to be executed.

And whereas a deed of agreement has been prepared in conformity with the said draft, and it is expedient to approve of the same, and to authorize the execution thereof, by the proper executive officers of this Company:—

Therefore—

Resolved, that the deed of agreement between the Government of Canada, prepared in conformity with the said draft deed, and with the provisions of the said Act, and now laid before this meeting, and identified by the signature of the Secretary of this Company, be, and the same is, hereby approved, and the President and Secretary are hereby authorized and required to execute the same, and to affix the Seal of the Company thereto, in due form of law.

GEORGE STEPHEN,

President.

CHARLES DRINKWATER,

Secretary.

## APPENDIX.

An Act to amend the Act intituled "An Act respecting the Canadian Pacific Railway," and for other purposes.

WHEREAS the Canadian Pacific Railway Company have represented, that although possessed of property and assets, which, if realized, would be sufficient for the completion of the Canadian Pacific Railway within one half of the time contemplated by the contract between the Government and the Company, namely, by the first day of May, one thousand eight hundred and eighty-six, yet that in consequence of the state of the market for railway securities, and of other circumstances beyond their control, and notwithstanding the agreement made with the Government on the seventh day of November last, for securing for ten years from the seventeenth day of August last, a three per centum dividend upon their outstanding stock, they are unable to procure the funds required for proceeding with the work of construction as rapidly as is necessary to complete the railway within the said earlier period, and have applied for certain modifications of the contract of construction and of the said agreement, and for an advance upon the security of their entire railway branches, equipment and property, in order to assist them in so proceeding with such work; and whereas it is expedient, in furtherance of the early settlement of the North-West Territories and of the completion of transcontinental communication by railway through Canada, that the early completion of the said railway should be ensured; Therefore

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows :—

1. The Government may return to the Company the securities now held under the third section of the Act forty-four Victoria, chapter one, intituled : "*An Act respecting the Canadian Pacific Railway*," and under the second clause of the construction contract, bearing date the twenty-first day of October, one thousand eight hundred and eighty, as security for the construction of the said railway.

2. The money subsidy hereafter payable to the Company, may be paid as the work on either the central or eastern section of the railway proceeds, in the proportion which the value of the work done on such section, and for which payment is demanded, bears to the value of the whole work now remaining to be done, under the contract, on such section.

3. The time for the payment by the Company of the sum of two million eight hundred and fifty-three thousand nine hundred and twelve dollars, agreed by the said Company to be paid on or before the first day of February, one thousand eight hundred and eighty-four, as part of the fund referred to in their agreement with the Government of the seventh day of November last, is hereby extended to the seventh day of November, one thousand eight hundred and eighty-eight, when the sum of four million five hundred and twenty-seven thousand dollars being the last instalment of the said fund payable by the Company to the Government, will fall due, the whole with interest payable half yearly at the rate of four per centum per annum as agreed upon at the time of the execution of the said agreement, and the same shall then be paid to the Government, together with the said last mentioned amount, forming together the sum of seven million three hundred and eighty thousand nine hundred and twelve



dollars, bearing interest at the said last mentioned rate, until paid ; and the said agreement as hereby modified is ratified and confirmed.

4. The Government may, out of any unappropriated moneys forming part of the Consolidated Revenue Fund of Canada, make a loan to the said Company of an amount in money, not exceeding twenty-two million five hundred thousand dollars, to be repaid to the Government on or before the first day of May, one thousand eight hundred and ninety-one, with interest at the rate of five per centum per annum, payable half yearly, until full payment of the principal ; and out of the said loan the Government may advance to the Company forthwith, such amount not exceeding seven million five hundred thousand dollars, as shall be required by the Company to extinguish its present floating debt, the amount and character of the items of such debt to be established to the satisfaction of the Government ; and the remainder of the said loan may, if the Government is satisfied that the work of construction is being so proceeded with as to ensure its completion in the month of May, one thousand eight hundred and eighty-six, be paid to the Company as the work of construction proceeds, in the same proportion as that which is hereby provided for the payment of the balance of the money subsidy.

5. As security for the repayment of the said loan, with interest as aforesaid, and as additional security for the payment of the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars and interest, falling due on the seventh day of November, one thousand eight hundred and eighty-eight, the Government shall have a first lien and charge upon the entire property of the Company, real and personal, now owned or hereafter to be acquired or owned by them, including their main line of railway, the extensions thereof, their branch lines of railway, the whole of

their equipment, rolling stock and plant, and all their steamers and vessels, and also upon the land grant of the Company, earned and to be hereafter earned; saving always, however, the rights of the holders of the existing mortgages on the extensions of the line of the railway from Callander to Brockville and Montreal, as security for the unpaid balances of the purchase money of the lines constituting the said extensions, and subject to the mortgage upon the land grant, executed by the Company to secure their issue of land grant bonds; and the Government shall continue to hold and retain the entire amount of land grant bonds now in its custody or possession, subject to redemption under the terms of the said land grant mortgage, and with all remedies as to interest, voting power and all other matters in respect thereof, which would be held or possessed, or could be exercised by any purchaser of the said bonds; and all moneys received by the Government from the trustees of the land grant bonds in redemption of such bonds shall be applied as follows, that is to say:—

(1.) All moneys so received in respect of ten million dollars of the said bonds shall be applied:—*Firstly*, in extinction of the interest accrued and due upon the said loan, and upon the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars:—*Secondly*, on account of the capital of the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars, and—*Thirdly*, on account of the capital of the said loan:—And the Government may make such arrangement as it shall deem expedient, for securing the payment to it, after the redemption of the land grant bonds, of the proceeds of all sales of lands granted or to be granted to the Company under the contract, to be applied to the purposes and in the order aforesaid:

(2.) And the remaining five million dollars of land grant bonds and money received from the said trustees in

redemption thereof, shall continue to be held on the conditions and for the purposes mentioned in the said contract.

6. The Government shall cause a deed of agreement to be executed by the Company and on behalf of the Government, providing for such remedies, terms and conditions as the Government shall deem expedient, for securing the application of the said loan to the purposes for which the same is hereby authorized, and the repayment of the said loan and the payment of the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars, the whole with interest (including interest on any interest in default)—for the release of the said lien and charge upon such repayment, for continuing the sale and realization of the value of the said lands, after the redemption of the land grant bonds—for the payment to the Government of the proceeds of such sales, and for the discharge of such lands from the said charge upon payment of the price of sale thereof, such price not to be less than one dollar and twenty-five cents per acre: Provided always, that, among such remedies, terms, and conditions, it shall be agreed and provided:—

(1.) That the Company shall complete the central and eastern sections of the railway not later than the month of May, one thousand eight hundred and eighty-six, and shall from month to month, in the meantime, make such progress with the work on both sections, as will satisfy the Government that the agreement in this respect will be fulfilled; and should the Government at any time not be satisfied with the progress being made with the work, and so notify the Company, and if forthwith after such notice, the Company do not put on such additional force and thereafter maintain the same, and also take such other steps to accelerate the progress of the work, as may be sufficient to ensure the completion thereof in the said month of May, one thousand eight hundred and eighty-six, and as shall be satisfactory to the Government, then

and in that case, no further advances on account of the loan aforesaid shall be made to the Company; and in that case the total amount up to that time advanced on account of the said loan shall, as additional security for the payment thereof, be a charge against and form a lien upon any cash subsidy then earned and not paid, and on any cash subsidy thereafter earned by the Company; and

(2.) That upon default for twelve months in the payment of any half-yearly instalment of interest upon the said loan, or any part thereof, or of interest upon the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars, or any part thereof, or in the payment of the principal of either of the said sums or any part of either of them when the same shall become due, in accordance with the provisions hereof, the right of the Company under their contract hereinbefore mentioned, to demand or receive any further cash or land subsidy shall cease and determine, and the said railway and extensions thereof, branches, equipment, rolling stock, plant, including steamers and all lands and property of the Company and all land grant bonds then in the possession of the Government shall, upon the occurrence and continuance for the said period of twelve months of such default, *ipso facto*, and without any notice or proceeding whatsoever, vest in Her Majesty, and shall forthwith thereupon, be taken possession of by the Minister of Railways and Canals, on behalf of the Government of Canada; and each and every employee of the Company shall, from and after the expiry of the said period of twelve months, become and be the employee of the Government during pleasure, and shall hold and possess any matter or thing appertaining to the said Company then in his custody, as and for the Government; and the rates of interest, and the terms of payment hereby fixed, shall not be disturbed or altered by the terms of such agreement.

7. The said Company is hereby authorized to execute an agreement of the nature and purport hereinbefore provided

for, and to charge its entire property and assets, in manner and form, as hereinbefore described; and in such agreement to agree upon such further and other conditions as the Government may prescribe; Provided, that authority to the board of directors of the Company to accept the provisions of this Act and to execute an agreement containing the charges upon the said railway and property and the other conditions required or authorized by this Act, shall be granted by the shareholders of the Company, either by a resolution passed at a special general meeting of such shareholders called for the purpose, by a vote of at least two-thirds in value of such of the shareholders as shall be present or represented at such meeting, or by an instrument or instruments executed by at least two-thirds in value of the whole of the shareholders of the Company, in person or represented by their attorneys or proxies, respectively, duly authorized in that behalf.

8. Until the payment in full of the indebtedness of the Company to the Government with interest, all moneys earned and to be earned by the Company as postal subsidy and for transport service shall be retained by the Government and shall be applied first on account of the interest to become due from time to time upon the indebtedness aforesaid hereby authorized, and then to the payment of the principal.

9. The stock of the Company, amounting to thirty-five million dollars, now in the hands of the Government, shall be held by the Minister of Finance, and may be sold by the Company with the consent of the Government, on condition that the proceeds of such sale, less the amount required to be paid to the Government to secure a half-yearly dividend thereon, at the rate of three per centum per annum, up to the 17th day of August, one thousand eight hundred and ninety-three inclusive, shall be applied under the direction of the Government, either to the improvement or extension of the railway or its equipment, or to the repayment of the indebtedness of the Company

to the Government ; and if at any time the stock of the Company should reach a price which, in the opinion of the Government, would render it expedient to sell the said stock or any part thereof, then and thereupon, on notice being given to the Company by the Government, requiring that the said stock or any part thereof, be sold, and specifying the minimum price at which the same shall be so sold, the Company shall cause the same to be offered for sale, and sold in conformity with such notice ; and in default of their doing so, within a reasonable delay (which delay shall be in the discretion of the Government), the Government shall have the right to sell the same or any part thereof at or above such minimum price, and shall apply the proceeds thereof, as it is herein provided such proceeds shall be applied in the event of the sale of such stock by the Company.

10. So long as the said several sums of money loaned as aforesaid or any part thereof or of the interest thereon remain unpaid, no sale or transfer, nor any mortgage, lien or charge of any description shall be made or created of or upon the railway, property or assets of the Company, or any part thereof ; nor shall any stock be issued by the Company, pending such repayment, above or beyond the amount of one hundred million dollars, to which the same is hereby limited :

(2.) But if at any time, before default in the payment of any of the said sums of money or interest shall have occurred and shall have been continued twelve months, the Company can negotiate any bonds secured exclusively upon the unsold portion of the land subsidy to such amount per acre as shall be approved by the Government, then with such approval, and with the authority of their shareholders as provided by their charter, and after the cancellation or withdrawal of, or after making full provision to the satisfaction of the Government for the balance of the present Land Grant Mortgage Bonds of the Com-

pany, they may make a new issue of Land Grant Bonds to the amount so approved by the Government, secured as described in their charter, which Land Grant Bonds shall be deposited with the Government; and upon making a sale of the whole of the said bonds, or from time to time of any portion thereof, not less than one-third thereof, the Company may notify the Government of such sale, and thereupon and upon payment to the Government of the price of such sale, at a rate satisfactory to the Government, the bonds so sold shall be delivered to the purchaser thereof; and thereupon the bonds so delivered, together with the balance thereof remaining in the hands of the Government, shall constitute a first mortgage and charge upon the unsold portion of the land subsidy to the exclusion of the charge hereby created; and any of the said bonds remaining in the hands of the Government shall have the right to rank on the said land subsidy *pari passu* with the portion thereof so sold and delivered; and the Government shall have all the rights and remedies in respect thereof of any holder of any part of the said issue, and on the occurrence and continuance for twelve months of any default as aforesaid, the Government may sell any of such bonds remaining in its possession; and all sums of money realized from the said bonds in any manner whatever shall be applied on account of the indebtedness of the Company to the Government hereinbefore mentioned.

11. The Canadian Pacific Railway shall not, nor shall any of its branch lines nor any line of railway leased by the Company or under their control, be at any time amalgamated with the Grand Trunk Railway or any of its branch lines or with any branch lines leased by the Grand Trunk Railway Company, or under their control; and such amalgamation, and any arrangement for making a common fund or pooling the earnings or receipts of the said two railways or their or any of their branch lines, or of any railway lines or parts thereof leased by the said companies or

either of them or under the control of either of them, shall be absolutely void. This provision, however, shall not extend to traffic or running arrangements made with the assent of the Governor in Council, nor to hinder the acquisition by the Canadian Pacific Railway Company of the railway between Quebec and Montreal, known as the North Shore Railway.

(2.) The Supreme Court of Canada shall have jurisdiction to enforce the provisions of this section and to prevent, by injunction or otherwise, any infraction thereof, and to punish any breach or disobedience of any order, decree or judgment of the Court in this behalf, and for these purposes shall have all the powers both at common law and in equity of a superior court of original jurisdiction.

12. So much of the Act and contract hereinabove cited and referred to as is inconsistent with the provisions of this Act, is hereby repealed.



**This Agreement**, made between Her Majesty the Queen acting in respect of the Dominion of Canada, hereinafter called the Government, and herein acting and represented by the Honorable Sir Charles Tupper, Minister of Railways and Canals, and the Canadian Pacific Railway Company, a body corporate and politic, duly incorporated under Letters Patent of the Dominion of Canada, hereinafter called the Company, and herein acting and represented by George Stephen, Esquire, the President thereof, and Charles Drinkwater, Esquire, the Secretary thereof.

**Witnesseth:**

~~Whereas~~ under and by virtue of a statute of the Dominion of Canada, passed during the Session of Parliament held in the forty-seventh year of Her Majesty's Reign, intituled "An Act to amend the Act intituled an Act respecting the Canadian Pacific Railway, and for other purposes," it is provided amongst other things that the Government may make a loan to the Company of an amount not exceeding twenty-two millions five hundred thousand dollars, to be repaid to the Government as provided in the said Act.

And ~~Whereas~~ it is by the said Act further declared that the Government shall cause a deed of agreement to be executed by the Company providing for such remedies, terms and conditions as the Government shall deem expedient for securing the application of the said loan to the purposes for which the same is thereby authorized, and the repayment of the said loan, with interest, and providing for other matters and things in the said Act detailed,

And ~~Whereas~~ the Government deems it expedient that such remedies, terms and conditions shall be as hereinafter agreed upon

And Whereas it is provided by the said Act that the Company may execute an agreement of the nature and purport therein provided for, and to charge their entire property and assets, in manner and form as in the said Act described, and in the agreement to be executed under the said Act, and in the said agreement to agree upon such other conditions as the Government should prescribe, provided that authority to the Board of Directors of the Company to accept the provisions of the said Act, and to execute an agreement containing the charges upon the said railway and property, and the other conditions required or authorized by the said Act, should be granted by the Shareholders of the Company, in manner and form as prescribed by the said Act.

And Whereas, in conformity therewith, a Special General Meeting of the Shareholders of the Company was duly called, and held at Montreal on the sixth day of March instant, and the authority required by the said Act was granted to the Board of Directors of the Company, by an unanimous vote of the Shareholders of the Company present or represented at the said meeting.

And Whereas the Directors of the Company have, by resolution passed on the sixth day of March instant, duly accepted the said Act, and duly authorized the President and Secretary thereof to execute the present agreement.

Now therefore these presents witness:

That in conformity with the provisions of the said Act the Company have agreed with the Government in manner following, that is to say:—

1. For the purpose of enabling the Company to proceed with the work of construction of the Canadian Pacific Railway, as contracted for by the Contract between the Government and the Company, dated the twenty-first day of October, one thousand eight hundred and eighty, at such a rate of progress as to enable the Company to

complete the same in the month of May, one thousand eight hundred and eighty-six, the Government agrees to make a loan to the Company, of the sum of twenty-two millions five hundred thousand dollars, such loan to bear interest until paid, at the rate of five per cent. per annum, payable half yearly, and to be so made upon the conditions following, that is to say :—

2. Out of the amount of the said loan, the Government shall advance to the Company forthwith such amount, not exceeding seven million five hundred thousand dollars, as shall be required by the Company to extinguish its present floating debt, the amount and character of the items of such debt to be established to the satisfaction of the Government.

3. The Company hereby covenant and agree with the Government, that they will complete the central and eastern sections of the said Canadian Pacific Railway so contracted for, on or before the thirty-first day of May, one thousand eight hundred and eighty-six, and that they will in the meantime make such progress from month to month with the work on both sections, as shall satisfy the Government that the entire work contracted for will be completed on or before the date last aforesaid.

4. In consideration of the covenant and agreement last aforesaid, the Government hereby agrees to pay to the Company the balance of the money subsidy agreed to be granted to the Company by the said Contract, as the work on either the central or eastern section of the railway proceeds, in the proportion which the value of the work done on such sections, and for which payment is demanded, and in respect of which no subsidy has been paid, bears to the value of the whole work remaining to be done under the said Contract upon such section, on the date of the last payment made by the Government to the Company out of the said money subsidy.

5. The Government hereby covenants and agrees to pay to the Company the remainder of the advance hereby agreed upon, in monthly payments, from time to time as the work of construction proceeds, in the same proportion as that which is hereinbefore provided, for the payment of the balance of the money subsidy. But such payment shall only continue to be made so long as the work of construction is being proceeded with at the rate of progress hereinbefore agreed upon.

6. The Government agree to return to the Company forthwith, the securities now held by it under the third section of the Act forty-fourth Victoria, chapter one, intituled: "An Act respecting the Canadian Pacific Railway," and under the second clause of the said Contract.

7. The Government agrees to extend the time for the payment by the Company of the sum of two million eight hundred and fifty-three thousand nine hundred and twelve dollars mentioned in the Agreement between the Government and the Company, executed on the seventh day of November last to the seventh day of November one thousand eight hundred and eighty-eight, when the sum of four million five hundred and twenty-seven thousand dollars, also mentioned in the said last mentioned agreement, will become due, on which day the Company covenant and agree to pay to the Government the said two several sums of money forming, united, the sum of seven million three hundred and eighty thousand nine hundred and twelve dollars, with interest thereon at the rate of four per cent. per annum, as agreed upon at the time of the execution of the said last mentioned agreement; the said interest to be paid to the Government in half-yearly instalments, on the first days of February and August in each year, until full payment of the principal, together with interest at the same rate upon any instalment of interest which shall remain unpaid after the day on which it will become due under the terms hereof.

8. The Company covenant and agree with the Government to repay to the Government the said sum of twenty-two million five hundred thousand dollars, or so much thereof as shall be loaned to the Company under the provisions hereof, and of the said Act, on or before the first day of May, one thousand eight hundred and ninety-one, with interest at the rate of five per cent. per annum, payable half-yearly, on the first days of May and November in each year, until full payment of the principal, and with interest also at the same rate upon any instalment of such interest which shall remain unpaid after the day on which it will become due under the terms hereof.

9. As Security for the re-payment of the said loan, with interest as aforesaid, and as additional security for the payment of the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars, and interest, falling due on the seventh day of November, one thousand eight hundred and eighty-eight, the Company hereby covenant and agree that the Government shall have a first lien and charge upon the entire property of the Company, real and personal, now owned or hereafter to be acquired and owned by them, including their main line of railway, the extensions thereof, their branch lines of railway, the whole of their equipment, rolling stock and plant, and all their steamers and vessels, and also upon the land grant of the Company, earned and to be hereafter earned, saving always, however, the rights of the holders of the existing mortgages on the extensions of the line of the railway from Callander to Brockville and Montreal, as security for the unpaid balances of the purchase money of the lines constituting the said extensions, and subject to the mortgage upon the land grant executed by the Company to secure their issue of land grant bonds, and the Company, under the authority of the said Act, and of the unanimous vote of a special general meeting of their Shareholders called for the purpose, do hereby con-

sent to, and confirm, the first lien and charge upon the said property and assets, declared to be created by the said Act. And as further security for such re-payment, the Government shall continue to hold and retain the entire amount of land grant bonds now in its custody or possession, subject to redemption under the terms of the mortgage created by the Company upon its land grant, to secure the said land grant bonds, and with all remedies as to interest, voting power, and all other matters in respect thereof, which would be held or possessed, or could be exercised, by any purchaser of the said bonds.

10. All Moneys received by the Government from the Trustees of the land grant bonds, in redemption of such bonds, shall be applied as follows, that is to say: All moneys so received in respect of ten million dollars of the said bonds shall be applied, firstly, in extinction of the interest accrued and due upon the said loan, and upon the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars; secondly, on account of the capital of the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars; and thirdly, on account of the capital of the said loan.

11. And the remaining five million dollars of land grant bonds, and the money received from the Trustees of the land grant mortgage, in redemption of the last mentioned bonds, shall continue to be held on the conditions and for the purposes mentioned in the said Contract.

So soon as the entire issue of the said land grant bonds have been redeemed, the Government shall have the right to require the Company to convey the whole of the land grant then remaining unsold, whether earned or not earned, to the same or other Trustees, as shall be agreed upon between the Government and the Company, and failing such agreement, to such Trustees as shall be named by the Government upon trust to continue to act with

the Company for the sale of the said lands, in the same manner as the said Trustees of the land grant mortgage now act in respect of such sales; and the Company shall continue the administration and sale of the said lands, subject to conditions as to the payment of the price to the Trustees to be so appointed, and as to the conveyance of such lands to the purchasers thereof respectively, similar to those which are contained in the said land grant mortgage, save and except that in the valuation of the lands to be so sold, under such trust deed, the price thereof shall not be fixed at any sum less than one dollar and twenty-five cents per acre. And it is hereby covenanted and agreed between the Government and the Company, that no sales shall be hereafter made by the Company, or concurred in by the Trustees of the said land grant mortgage, for any less price or sum than the said price of one dollar and twenty-five cents per acre, and the Government shall apply all moneys received from the Trustees to be so appointed, firstly, in extinction of the interest which shall accrue and become due to the Government upon the said loan, and upon the said sum of seven millions three hundred and eighty thousand nine hundred and twelve dollars; and secondly, on account of the capital of the said sum of seven millions three hundred and eighty thousand nine hundred and twelve dollars; and thirdly, on account of the capital of the said loan.

12. And as further security for the re-payment of the said several sums of money and interest, all moneys earned, and to be earned by the Company, as postal subsidy, and for transport service, shall be retained by the Government, and shall be applied first on account of the interest, to become due from time to time, upon the indebtedness aforesaid, and then to the payment of the principal.

13. And it is hereby further covenanted and agreed between the Government and the Company, that if the

Company shall make default for twelve months in the payment of any half-yearly instalment of interest upon the said loan, or any part thereof, or of interest upon the said sum of seven millions three hundred and eighty thousand nine hundred and twelve dollars, or any part thereof, or in the payment of the principal of either of the said sums, or any part of either of them when the same shall become due, in accordance with the provisions hereof, the right of the Company under their contract hereinbefore mentioned to demand or receive any further cash or land subsidy, shall cease, and determine, and the said Railway and extensions thereof, branches, equipment, rolling stock, plant, including steamers, and all lands and property of the Company, and all land grant bonds then in the possession of the Government, shall upon the occurrence and continuance for the said period of twelve months of such default, *ipso facto*, and without any notice or proceeding whatsoever, vest in Her Majesty, and shall forthwith thereupon be taken possession of by the Minister of Railways and Canals, on behalf of the Government of Canada, and each and every employee of the Company shall from, and after the expiry of the said period of twelve months become, and be the employee of the Government during pleasure, and shall hold and possess any matter or thing, appertaining to the said Company, then in his custody, as and for the Government.

14. And it is hereby further covenanted and agreed that if at any time before the thirty-first day of May, one thousand eight hundred and eighty-six, the Government should not be satisfied that the progress being made by the Company with the work so contracted for under the said contract is sufficient to ensure the completion thereof by the said thirty-first day of May, one thousand eight hundred and eighty-six, and if the Government shall so notify the Company, and if forthwith after such notice the Company do not put on such additional force, and there-



after maintain the same, and also take such other steps to accelerate the progress of the work as shall be sufficient to ensure the completion thereof by the said last mentioned date, and as shall be satisfactory to the Government, then, and in that case, no further advances on account of the loan aforesaid shall be made to the Company, and in that case the total amount up to that time advanced on account of the said loan shall, as additional security for the payment thereof, be a charge against, and form a lien upon, any cash subsidy then earned and not paid, and on any cash subsidy thereafter earned by the Company.

15. The stock of the Company, amounting to thirty-five million dollars, now in the hands of the Government, shall be held by the Minister of Finance, and may be sold by the Company, with the consent of the Government, on conditions that the proceeds of such sales, less the amount required to be paid to the Government to secure a half-yearly dividend thereon, at the rate of three per centum per annum, up to the seventeenth day of August, one thousand eight hundred and ninety-three inclusive, shall be applied under the direction of the Government either to the improvement or extension of the railway, or its equipment, or to the repayment of the indebtedness of the Company to the Government; and if at any time the stock of the Company should reach a price which, in the opinion of the Government, would render it expedient to sell the said stock, or any part thereof, then and thereupon, on notice being given to the Company by the Government requiring that the said stock, or any part thereof, be sold, and specifying the minimum price at which the same shall be so sold, the Company shall cause the same to be offered for sale, and sold in conformity with such notice; and in default of their doing so, within a reasonable delay, which delay shall be in the discretion of the Government, the Government shall have the right

to sell the same, or any part thereof, at or above such minimum price, and shall apply the proceeds thereof as it is herein provided such proceeds shall be applied in the event of the sale of such stock by the Company.

16. So long as the said several sums of money loaned as aforesaid or any part thereof or of the interest thereon remain unpaid, no sale or transfer nor any mortgage, lien or charge of any description shall be made or created of or upon the railway property or assets, of the Company, or any part thereof, nor shall any stock be issued by the Company pending such repayment above or beyond the amount of one hundred millions, (\$100,000,000) to which the same is hereby limited.

IN WITNESS, whereof these presents have been duly executed by the Government and the Company, at the City of Ottawa, this 7th day of March, 1884.

(Signed)

CHARLES TUPPER,  
*Minister of Railways and Canals.*



(Signed)

A. P. BRADLEY,  
*Secretary.*

(Signed)

GEORGE STEPHEN,  
*President, Canadian Pacific R'y Co.*



(Signed)

C. DRINKWATER,  
*Secretary.*